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2 Jan 53 - REC

THE SECRETARY OF DEFENSE
WASHINGTON

22 DEC 1952

Dear General Smith:

Reference is made to your letter of 6 December 1952, regarding the use of the power inherent in the Offshore Procurement Program to reduce the Communist hold over labor unions in France and Italy.

At the inception of the Offshore Procurement Program in mid-1951, this inherent power was foreseen and instructions covering this problem were issued to all interested parties in the field through the medium of a joint State-Defense-DMS-MSA-Treasury Airgram under date of 21 January 1952. These instructions set out the problem and placed the responsibility for evaluation and implementation thereof upon the Military Department Procurement Officers charged with doing the actual letting of contracts. The following excerpts from this joint message are believed to be pertinent and consistent with your desire to make maximum use of the Offshore Procurement Program in furtherance of our efforts to combat communism abroad:

"Our objectives can best be accomplished by placing contracts with employers who favor non-communist unions in their collective bargaining relations and who pay what are regarded in those countries as good wages. In placing contracts, procurement officers should, therefore, give preference to such employers, or to those who can be prevailed on to adopt such policies. This should be made known to producers seeking contracts.

"The extent to which adjustments in employers' labor policies shall be incorporated in contract provisions beyond the standard labor clause set out in the circular telegram of January 3, or incorporated in separate understandings with employers, should be worked out on a case by case basis. Any labor problems arising in the plant of an OSP contractor should be immediately discussed with the Labor Attaches or MSA labor officers, who will be in a position to advise on appropriate action.

"The complex and political nature of the labor problems which will arise in the course of the offshore procurement program will require a full and frank discussion with the French and Italian Governments and an inter-governmental understanding, not necessarily written, that the participating country government is prepared to adopt policies which will support the common objective of strengthening and developing the democratic trade unions as opposed to the Communist unions. These discussions may also include the problem of effective enforcement in plants with OSP contracts of the labor laws and regulations of the P. C. Government."

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You will also recall that the employment of offshore procurement, where feasible, in weakening the Communist position in labor and industry is provided in the plans for the reduction of Communist power in France and Italy. For various reasons, optimum results from offshore procurement have not been achieved.

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Mr. Barnes

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Approved For Release 2005/06/08 : CIA-RDP80R01731R001300240004
MEMORANDUM FOR: General Smith

The attached reply to your letter of
6 December [redacted]
quotes extensively from the Offshore Procurement Program and reiterates the intention of the Department of Defense to use this Program to reduce the Communist hold over labor unions in France and Italy. It asks for any information that opportunities are not being fully exploited in this matter.

[redacted]

5 Jan 53

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